

Auditing of Electronically Filed Statements and Reports

Bill Proposal:

Amend Government Code sections 90000 and 90003 to require audits to cover reports and statements that are filed electronically.

Problem:

The mandatory audit provisions of the Political Reform Act (Act) contained in Government Code sections 90000 and 90003 require the Franchise Tax Board (FTB) and the Commission to audit reports and statements filed under “Chapters 4, 5, and 6.” Chapters 4 and 6 contain the campaign and lobbying disclosure provisions of the Act. Proposition 34, as passed by voters, became effective January 1, 2001, and added, among other things, Chapter 4.6, which included new electronic reporting requirements. However, Chapter 4.6 was not added to the list of chapters that are subject to the mandatory audit provisions.

When future mandatory audits are conducted by the Franchise Tax Board and the Commission, compliance with these new electronic reporting provisions by candidates and committees may not be a part of the scope of the audit because the reporting requirements originate in Chapter 4.6, which is not specifically listed in the sections granting authority for FTB and Commission audits.

Proposed Solution:

The bill would amend sections 90000 and 90003 to add references to Chapter 4.6 of the Act.

Bill Language:

§ 90000. Responsibility.

Except as provided in Section 90006, the Franchise Tax Board shall make audits and field investigations with respect to the following:

- (a) Reports and statements filed with the Secretary of State under Chapter 4 (commencing with Section 84100), Chapter 4.6 (commencing with Section 84600), Chapter 5 (commencing with Section 85100), and Chapter 6 (commencing with Section 86100).
- (b) Local candidates and their controlled committees selected for audit pursuant to subdivision (i) of Section 90001.

§ 90003. Discretionary Audits.

In addition to the audits and investigations required by Section 90001, the Franchise Tax Board and the commission may make investigations and audits with respect to any reports or statements required by Chapter 4 (commencing with Section 84100), Chapter 4.6 (commencing with Section 84600), Chapter 5 (commencing with Section 85100), or Chapter 6 (commencing with Section 86100).